

United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

September 16, 2009

Secretary Tom Vilsack
U.S. Department of Agriculture
212A Whitten Building
1400 Independence Avenue, SW
Washington, DC 20250

Dear Secretary Vilsack:

On July 30, 2009, I sent your office a letter requesting additional information regarding the University of Wisconsin Center for Cooperatives report funded by the U.S. Department of Agriculture (USDA) entitled, "Research on the Economic Impact of Cooperatives." I appreciate your response, but I am writing to clarify some of the data included in your letter, particularly regarding the definition and scope of so-called "consumer" health cooperatives (co-ops).

The Research on the Economic Impact of Cooperatives (REIC) study identified 307 health care cooperatives, of which 192 responded to the REIC survey. Of the 307 total health care co-ops identified by the REIC researchers, 137 were identified as consumer health cooperatives, 158 were identified as health purchasing cooperatives, and 12 were identified as health worker cooperatives. While the REIC researchers indicated a total of 137 consumer cooperatives, they also stated (somewhat contradictorily) that "on the consumer side, five health maintenance organizations and two health insurance companies are identified as operating on a cooperative basis." Given this seemingly inconsistent information, I would like for you to clarify the following:

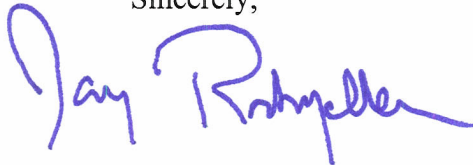
- 1) How exactly did the REIC researchers define consumer health cooperatives for purposes of identifying the 137 so-called "consumer" health cooperatives?
- 2) Does the REIC definition identify consumer health cooperatives in a manner that is broader than just cooperatives created for the purposes of purchasing health insurance?
- 3) If, as the USDA's letter states, there are only five HMOs and two insurance companies operating consumer health insurance cooperatives, how are the remaining 130 consumer health cooperatives different? More specifically, what other items or services are included in this definition and who exactly are the "consumers"? For example, the USDA lists Piedmont Health Coalition, Inc. of Burlington, NC, as a "consumer" health cooperative. A closer examination of this

so-called “consumer” health cooperative’s website seems to suggest that it is actually a third party administrator for a self-insured employer and that it is affiliated with the health insurance company Coventry Health Care.

- 4) Is the definition of consumer cooperative used by REIC the same as the definition for consumer-owned health cooperative used by the National Cooperative Business Association (NCBA)? If not, what is the definition used by the REIC?

I would greatly appreciate your responses to these questions no later than Friday, September 18, 2009. Should you or your staff have any further questions, please do not hesitate to be in touch with Ellen Doneski (202-224-0411) or Jocelyn Moore (202-224-6472) on my staff. I appreciate your prompt consideration of this request.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jay Rockefeller", with a stylized, flowing script.

John D. Rockefeller IV